

Message Text

CONFIDENTIAL

PAGE 01 OTTAWA 00616 01 OF 02 162349Z
ACTION EUR-12

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01
COME-00 DODE-00 EB-08 FPC-01 H-01 INR-07 INT-05 L-03
NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 OES-06 SP-02
SS-15 STR-04 TRSE-00 ACDA-07 FEA-01 PA-01 PRS-01 /103 W
-----170016Z 070156 /70

P R 162154Z FEB 77
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC PRIORITY 2481
INFO AMCONSUL MONTREAL
ALL OTHER AMCONSULS CANADA

C O N F I D E N T I A L SECTION 1 OF 2 OTTAWA 0616

NOFORN

E.O. 11652: GDS
TAGS: ENRG, PGOV, SENV, CA
SUBJ: DEPARTMENT OF INDIAN AND NORTHERN AFFAIRS ACCUSED
OF LAXITY IN MINITORING BEAUFORT SEA DRILLING

REF: STATE 276535

1. SUMMARY: GOC HAS RELEASED DRAFT REPORT ON BEAUFORT SEA
DRILLING OPERATIONS AMID ALLEGATIONS THAT FEDERAL
OFFICIALS YIELDED TO PRESSURES BY DOME PETROLUEM TO RELAX
SAFETY STANDARDS. EMBASSY CANNOT COMMENT ON ALLEGATIONS
THAT GOC YIELDED TO PRESSURE BUT INDUSTRY SOURCES CONFIRM
THAT DOME PERSONNEL TOOK SERIOUS RISKS, WITH GOVERNMENT
CONCURRENCE, IN ORDER TO COMPLETE WELLS BEFORE DRILLING
SEASON CLOSURE. THESE CALCULATED RISKS IF NOT RESPONSIBLE
FOR FATAL ACCIDENT AT TINGMIARK WELL SITE UNDOUBTEDLY
INCREASED ITS PROBABILITY. REPORT AS PRESENTLY DRAFTED
FAILS TO DEAL WITH QUESTION OF ADMINISTRATIVE RE-
SPONSIBILITY FOR SUPERVISION OF DOME'S OPERATIONS AND
BORDERS ON BEING A WHITEWASH. END SUMMARY.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 OTTAWA 00616 01 OF 02 162349Z

2. DRAFT REVIEW OF BEAUFORT SEA DRILLING PROGRAM BY
DEPARTMENT OF INDIAN AND NORTHERN AFFAIRS (DINA) IS NOW
BEING CIRCULATED FOR COMMENT BY GOVERNMENT AGENCIES
AND COMMUNITIES IN BEAUFORT SE-MACKENZIE DELTA REGION.
GOC TRANSMITTED COPY OF REPORT TO DEPARTMENT VIA
CANADIAN EMBASSY WASHINGTON.

3. DINA'S REVIEW OF BEAUFORT SEA DRILLING HAS SURFACED
IN OTTAWA AMID CONSIDERABLE CONTROVERSY:

A. ON FRIDAY, FEBRUARY 4, A CBC RADIO NEWS BROADCAST SAID THAT DINA AMENDED OR CHANGED DRILLING REGULATIONS UNDER PRESSURE FROM DOME PETROLUEM AND THAT AS A RESULT OF THIS RELAXATION OF SAFETY STANDARDS GAS AND WATER BEGAN LEAKING FROM TINGMIARK WELL WHICH COULD NOT BE CONTROLLED AND WHICH LATER RESULTED IN A FATAL ACCIDENT.

B. CBC BROADCAST WAS TAKEN UP IN HOUSE OF COMMONS QUESTION PERIOD THAT AFTERNOON WITH MEMBERS FROM NORTHWEST TERRITORIES AND SASKATCHEWAN DEMANDING TO KNOW WHETHER DINA HAD YIELDED TO PRESSURE FROM DOME. DINA MINISTER WARREN ALLMAND REPLIED THAT HE WOULD INVESTIGATE ALLEGATIONS MADE IN CBC BROADCAST. A SUPPLEMENTARY QUESTION CHALLENGED ADEQUACY OF THE CHAIN OF COMMAND AND ACCOUNTABILITY IN DINA. CAUGHT OFF GUARD BY SUDDENNESS OF THIS DEVELOPMENT, ALLMAND COULD ONLY REPLY THAT ONCE THE REVIEW OF BEAUFORT SEA DRILLING WAS COMPLETED BY THE GOVERNMENT A DECISION WOULD BE MADE WHETHER REGULATIONS COVERING DRILLING OPERATIONS WILL BE TIGHTENED.

C. IN CALGARY, DOME/CANMAR PRESIDENT GORDON HARRISON DENIED THAT ANY REGULATIONS HAD BEEN RELAXED. HARRISON SAID REGULATIONS CALL FOR 25 PERCENT OF A HOLE BEING DRILLED TO BE CASED, AND THAT IN THE WELL WHERE FATAL

CONFIDENTIAL

PAGE 03 OTTAWA 00616 01 OF 02 162349Z

ACCIDENT OCCURRED, DOME HAD CASED AND CEMENTED 40 PERCENT BEFORE IT ENTERED A GAS ZONE.

4. COMMENT: PURSUANT TO REQUEST FOR INFORMATION ON BEAUFORT SEA DRILLING MADE IN REFTTEL, CONSUL GENERAL CALGARY AND EMBASSY OFFICER DISCUSSED BEAUFORT SEA DRILLING OPERATIONS WITH INDUSTRY OFFICIALS IN CALGARY LAST DECEMBER. (NOTE: COPY OF LETTER FROM CONSUL GENERAL CALGARY REPORTING THESE DISCUSSIONS WAS FORWARDED TO EUR/CAN ON DECEMBER 20.) THESE CONVERSATIONS REVEALED A CONSIDERABLE DIFFERENCE IN OPERATIONAL SAFETY BETWEEN DRILLING ON ARTIFICIAL ISLANDS AND THE DOME DRILL SHIPS.

A. THE IMPERIAL DRILLING EFFORT USING ARTIFICIAL ISLANDS SEEMS EXCEPTIONALLY WELL PLANNED AND RESEARCHED. ITS PROCEDURES ARE DEVELOPED AT A LARGE ARCTIC LABORATORY AND TESTING UNIT IN CALGARY AND ALL DRILLING OPERATIONS ARE CAREFULLY AND CONSTANTLY MONITORED, BOTH ON SITE

AND AT CALGARY. THE IMPERIAL TECHNIQUE OF USING ARTIFICIAL ISLANDS FOR DRILLING OPERATIONS PROVIDES A STABLE PLATFORM AND MUCH GREATER CONTROL OVER THE DRILLING OPERATION. MOREOVER, IMPERIAL CREWS ARE VERY WELL TRAINED AND WELL AWARE OF THE IMPLICATIONS THAT AN OIL SPILL WOULD HAVE ON THE BEAUFORT SEA AND NORTHERN DRILLING OPERATIONS IN GENERAL.

B. DOME DRILL-SHIO OPERATIONS APPEAR TO BE NEITHER AS CLOSELY MONITORED NOR AS FUNDAMENTALLY SAFE AS THE ARTIFICIAL ISLAND TECHNIQUE EMPLOYED BY IMPERIAL AND SUN OIL. DOME HAS BEEN ABLE TO OPERATE IN ICE COVER UP TO 90 PERCENT BUT A SHIP DOES NOT PROVIDE AS STABLE A DRILLING PLATFORM AS AN ISLAND. HOWEVER, IT IS ALSO ACKNOWLEDGED THAT TECHNOLOGY DOES NOT EXIST TO BUILD ISLANDS IN WATERS AS DEEP AS THOSE WHERE DOME IS DRILING.

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 OTTAWA 00616 01 OF 02 162349Z

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 OTTAWA 00616 02 OF 02 162357Z

ACTION EUR-12

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01
COME-00 DODE-00 EB-08 FPC-01 H-01 INR-07 INT-05 L-03
NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 OES-06 SP-02
SS-15 STR-04 TRSE-00 ACDA-07 FEA-01 PA-01 PRS-01 /103 W
-----170019Z 070236 /70

P R 162154Z FEB 77

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 2482

INFO AMCONSUL MONTREAL

ALL OTHER AMCONSULS CANADA

C O N F I D E N T I A L SECTION 2 OF 2 OTTAWA 0616

5. IT APPEARS THAT THE MOST SIGNIFICANT PROBLEM IS THAT DOME IS UNDER A GREAT DEAL OF PRESSURE TO DO ITS DRILLING OVER A VERY SHORT TIME-SPAN, AND ITS PERSONNEL MAY HAVE BEEN TEMPTED TO TAKE CHANCES WHICH MIGHT NOT

HAVE BEEN CONSIDERED WERE A LONGER DRILLING SEASON POSSIBLE. SEVERAL INDUSTRY SOURCES, FOR EXAMPLE, WERE HIGHLY CRITICAL OF THE WATER BLOW-OUT AT THE KOPANOAR WELL SITE. THEY STATED FLATLY THAT DOME HAD FAILED TO SET DOWN ADEQUATE CASING. THE EXPLORATION MANAGER FOR GULF OIL (DOME HAS DRILLING CONTRACT WITH GULF) SAID THAT SERIOUS PROBLEMS WERE ENCOUNTERED IN CONTROLLING GAS FLOW AT THE TINGMIARK SITE WHERE THE FATAL ACCIDENT OCCURRED. HE FLATLY ADMITTED THAT DOME PERSONNEL ON THE DRILL SHIP WERE NOT IN FULL CONTROL OF THE DRILLING PROCESS BECAUSE THEY WERE IN A RUSH TO COMPLETE BEFORE THE END OF THE SHORT DRILLING SEASON MANDATED BY DINA AND THEREFORE RAN RISKS THEY SHOULD NOT HAVE. HE SAID DOME SHOULD HAVE ASST A LONG STRING OF CASING IN HIGH PRESSURE AREAS OF THE TINGMIARK WELL BUT DID NOT DO SO. THIS CALCULATED RISK RESULTED IN EXCESSIVE PRESSURES IN THE WELL.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 OTTAWA 00616 02 OF 02 162357Z

6. EMBASSY BELIEVES THAT THE DRAFT REPORT DOES NOT DEAL FRANKLY WITH SERIOUS SAFETY AND ENVIRONMENTAL PROBLEMS THAT OCCURED DURING DOME'S 1976 OPERATIONS. THE WATER AND GAS FLOW AT KOPANOAR AND THE "GAS KICK" AT TINGMIARK ARE DEALT WITH IN AN ALMOST CRYPTIC ONE-PAGE SUMMARY IN THE SOCIAL, ECONOMIC AND ENVIRONMENTAL PORTION OF THE REPORT. THE TECHNICAL REPORT PROVIDES MORE DETAIL ON THESE EVENTS BUT FAILS TO EXPLAIN ADMITTED BREAKDOWNS IN GOVERNMENT SUPERVISION OF DRILLING. ACCORDING TO THE REPORT, GOC INSPECTORS WERE SOMETIMES UNABLE TO ENFORCE COMPLIANCE WITH TECHNICAL REQUIREMENTS OF THE DRILLING AUTHORITY. REPORT DOES NOT EXPLAIN WHY THIS LAPSE WAS PERMITTED TO OCCUR. DISCUSSION OF THE FATAL ACCIDENT AT TINGMIARK SITE IS RELEGATED TO A SKETCHY ONE-PAGE ACCOUNT IN THE TECHNICAL REPORT. IT IS NOT EVEN MENTIONED IN THE SOCIAL ECONOMIC AND ENVIRONMENTAL PORTIONS OF THE REPORT. ALL THE DIRTY LINEN THEN SEEMS TO HAVE BEEN FOLDED INTO PAGES OF THE TECHNICAL REPORT WHICH APPARENTLY HAS NOT BEEN WIDELY CIRCULATED. (NOTE: EXTERANL AFFAIRS DID NOT PROVIDE EMBASSY WITH COPY. WE OBTAINED ONE FROM DINA. EMBASSY UNDERSTANDS EUR/CAN WAS GIVEN ONE BY CANADIAN EMBASSY). THIS IS NOT TO SAY THAT DINA IS ACTIVELY SUPPRESSING THE TECHNICAL REPORT, BUT THEIR HANDLING OF THE MATTER INDICATES THEY WOULD LIKE TO. THE TECHNICAL REPORT WAS, IN ANY EVENT, A CAUSE OF EMBARRASSMENT TO DINA MINISTER ALLMAND WHEN CBC USED IT FOR BACKGROUND FOR CRITICAL FEBRUARY 4 NEWS BROADCAST.

7. MOST SIGNIFICANT SHORTCOMING OR REPORT IS THAT IT

TAKES A VERY NARROW VIEW OF ENVIRONMENTAL DAMAGE. IT
MERELY NOTES THAT NO ENVIRONMENTAL DAMAGE RESULTED FROM
THESE GAS AND WATER FLOWS AND COMPLETELY OVERLOOKS WHAT
WOULD HAVE HAPPENED IN THE EVENT OF AN OIL LEAK. IN
SUM, THE DRAFT REVIEW OF BEAUFORT SEA DRILLING MAY NOT
BE A TOTAL WHITEWASH BUT IT IS CLEAR THAT THE ADMINIS-
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 OTTAWA 00616 02 OF 02 162357Z

TRATIVE AND REGULATORY IMPLICATIONS OF THESE DRILLING
PROBLEMS ARE TREATED IN A LESS THAN CANDID FASHION.
ENDERS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: OCCUPATIONAL SAFETY, OFFSHORE DRILLING, INDUSTRIAL PLANTS
Control Number: n/a
Copy: SINGLE
Sent Date: 16-Feb-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977OTTAWA00616
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770056-0054
Format: TEL
From: OTTAWA
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770236/aaaabfpm.tel
Line Count: 239
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: d8e9a1c5-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: NOFORN
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: NOFORN
Reference: 77 STATE 276535
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 17-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3306433
Secure: OPEN
Status: NATIVE
Subject: DEPARTMENT OF INDIAN AND NORTHERN AFFAIRS ACCUSED OF LAXITY IN MINITORING BEAUFORT SEA DRILLING
TAGS: ENRG, PGOV, SENV, CA, DOME PETROLEUM
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/d8e9a1c5-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009